

Norphlet "Operating Committee" Minutes of January 23, 2008

To: Nelson Abell, W.L. Cook, Lindy Long (also David Long, Pat Long, and Scott Carter), Scott Reed, Billy and Jesse Spector

I called this conference call meeting to assure that the activities of Norphlet were being conducted in a transparent way as concerns the Board and significant investors. The call covered events reported in writing on Jan 21, made to the full Board of Directors, and others occurring from Jan. 17-23, and some which were felt inappropriate for inclusion in the report to the full Board.

There were grave concerns by the Garrison family, on Jan. 17, as to how John Garrison was reacting to the events. Employees offered virtually no reaction when told that John was no longer running the Company. Evert has not pushed on John and Jeff to clean out their offices because of concern that they have custody of files needed by the Company.

John is still advocating a trial and error approach to completing the plant, but doesn't know what changes will work. Jeff, in John's presence, asked Evert for future compensation for John because he is "flat on his back". David Henry was told by Jeff that John is contemplating taking personal bankruptcy. Jew L

We discussed the request by Michael Murphy for repurchase of his stock which was bought directly from the company for \$250,000, representing 1%, in a deal arranged by the Garrisons, at a time when interests of 1% had been sold for \$100,000 or less. This 1% of stock was made available by the Garrison "contributing" stock to the Company in return for Promissory Notes of \$125,000 each, in favor of John and Jeff Garrison. Don Dodson has opined that the Company has no legal responsibility to repurchase the Murphy stock. At the time of the deal, John Garrison told Nelson Abell that there was more to this deal.

We discussed the corporate organizational voids. We have neither President nor CEO. John Garrison still occupies the position of Chairman; Don Dodson says this position is without explicit authority and suggests we wait until the April Directors meeting to make a change. The point was made that we are operating as a "skeletal" company until April and should continue this way.

We discussed the meeting with the lending agencies of the State of Arkansas, to occur on Jan. 24. The Directors have committed to asking the State to waive the personal guarantees of the Garrisons. However, NO replacement guarantee will be offered. The suggestion was made that Jim Crotty also attend this meeting (in addition to David Henry, Brian Brooks and Evert Talbot). I invited Jim, but he had a medical commitment that day in Little Rock. The meeting will be held at the Plant with a plant tour, then negotiations.

I reported that the Company had made the first cash request, \$82,350, for the purposes attached, and is preparing another one for Jan. 25, see same attachment. These amounts

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added to the JH bridge loans of Dec 28 and Jan. 11, bring the total to \$423,350. This amount and subsequent bridge loans made until more permanent funding is obtained will eventually be rolled into the permanent funding package with terms and conditions similar to those now existing with JH

The JH offer to waive the Garrison personal guarantees attached to the JH notes and the cessation of the start-up penalty effective Jan. 17, as part of the overall re-financing Board Resolution, have been prepared, but will not be executed by JH until the Garrisons surrender their stock down to the 20% level. They have not volunteered their stock certificates and David Henry has requested this surrender. A discussion ensued concerning the creation of additional leverage on the Garrisons by delaying the payment of past due payroll taxes. We decided not to do this because of the risk to David Henry.

The suggestion was made to chronicle all of the mismanagement activities of the Garrisons, those which are harmful to the Company. This will be done by James and Talbot.

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The working arrangement with Ronnie Jackson has not been finalized. Talbot, Henry and Brooks will work on this.

A question was raised as to the status of the Executive Committee and its membership. The suggestion was made that the group on this conference call (consisting of the Executive Committee and the Investor Group) constitute an "Operating Committee" and would report all key decision to the full Board of Directors for approval. I had made the motion at a past Directors to create the Executive Committee, consisting of Lindy Long, W L. Cook, and Scott Reed. Subsequent to this conference call I asked David Henry for the Minutes regarding this. He said that the Executive Committee included John Garrison, Jeff Garrison, and David Henry. He then referred this question to Don Dodson, who opined that the Garrisons and Henry had been included as members of management and that we could proceed with the 3-Director Committee.

In follow-up to other questions raised during the conference call: David Henry says there are no Employment Contracts; that employees sign an Employment at Will document and some have a secrecy agreement. Evert is enforcing this latter by having all contractors, Ronnie Jackson and Craig Wilson (JH) sign secrecy agreements. David Henry confirms that other employees have made minor expenditures of behalf of the Company and that they were always told that they would receive reimbursement when the Company could afford it. He disputes that the Company owes John Peterson anything on the grounds that John was paid a full salary for doing very little and was always paid travel mileage.

Respectfully,  
Bob James